

Deferred Comp Review

A law firm had about 50 policies on partners for deferred compensation purposes. The policies were being put in force since the seventies but none had ever re-examined the efficacy of the program since then.

With a multi-decade slide in dividend rates supporting the policies, it was important to understand the long term performance of the portfolio relative to objectives.

The results of the analysis was that the policies would grow to a much lower cash value and death benefit than earlier anticipated and a decision was made to change the program moving forward.

In other situations we discovered the polices would be able to support only a portion of the funding for deferred comp they were expected to and in some situation none at all. In the worst cases the company could not even stop paying the premiums or the polices would fail.